

# F510 – International Finance

## Objectives

This course aims to analyze classical and emerging issues in international finance covering both modelling and empirical issues. While the course will present key analytical tools from scratch, some knowledge of macroeconomic and policy modelling, and especially asset pricing, will help. Upon completion of this course, students should have

- the ability to follow state-of-the-art debates on financial/economic determinants of exchange rates (levels, volatility and risk) and international capital flows;
- the perspective to assess stabilization and structural policies affecting international relative prices and international financial integration;
- enhanced skills to evaluate case studies and write reports on international finance topics specified below.

## Contents

This course covers topical issues in international finance, including international financial integration, exchange rate regimes, monetary policy and foreign exchange interventions, currency and financial crises, international financial contagion, risk and international portfolio allocation, international capital flows, currency risk premia and carry trade, micro-structure of foreign exchange market. The discussion will also cover specific issues regarding the roots of the global crisis, and proposals for reform of the international financial markets.

## Organization

The course consists of 9 two-hour lectures in Lent term.

## Readings

Detailed reading lists will be provided in the lecture course outlines, which will be posted on the Faculty web site. Some references representative of the level and scope of the course include:

Lyons, Richard (2001), *The Microstructure Approach to Foreign Exchange*, MIT Press. Masson, Paul (2007), *Lectures in International Finance: Crisis, Coordination, Currency Unions, and Debt*, World Scientific Publishing.

Reinhart, Carmen and Kenneth Rogoff (2009), *This Time Is Different: Eight Centuries of Financial Folly*, Princeton University Press.